



Characterizing the Market for External Power Supplies

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EPS Marketplace

- Mobile Phones account for 52% of EPS unit sales
- New technologies (ie PoE) are encroaching on low-power segment of EPS – 70% of EPS market growth will come in the higher-powered section of the EPS market



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PRODUCER OF 
Source: Darnell Group

Roadblocks Manufacturers are Finding in the EPS Marketplace

- Asymmetric Pricing
 - Unique needs requiring custom EPS specs are increasing costs (\$3-\$26 at retail)
- Asymmetric Supply
 - Firms requiring large quantities (especially in lower voltage ranges) are having difficulty finding sufficient CEC-compliant supply
- “Compliant” EPS are Failing
 - Manufacturers are reporting up to 70% of EPS failing Tier 1 compliancy and other tests for quality, safety, and compliancy (UL & FCC).

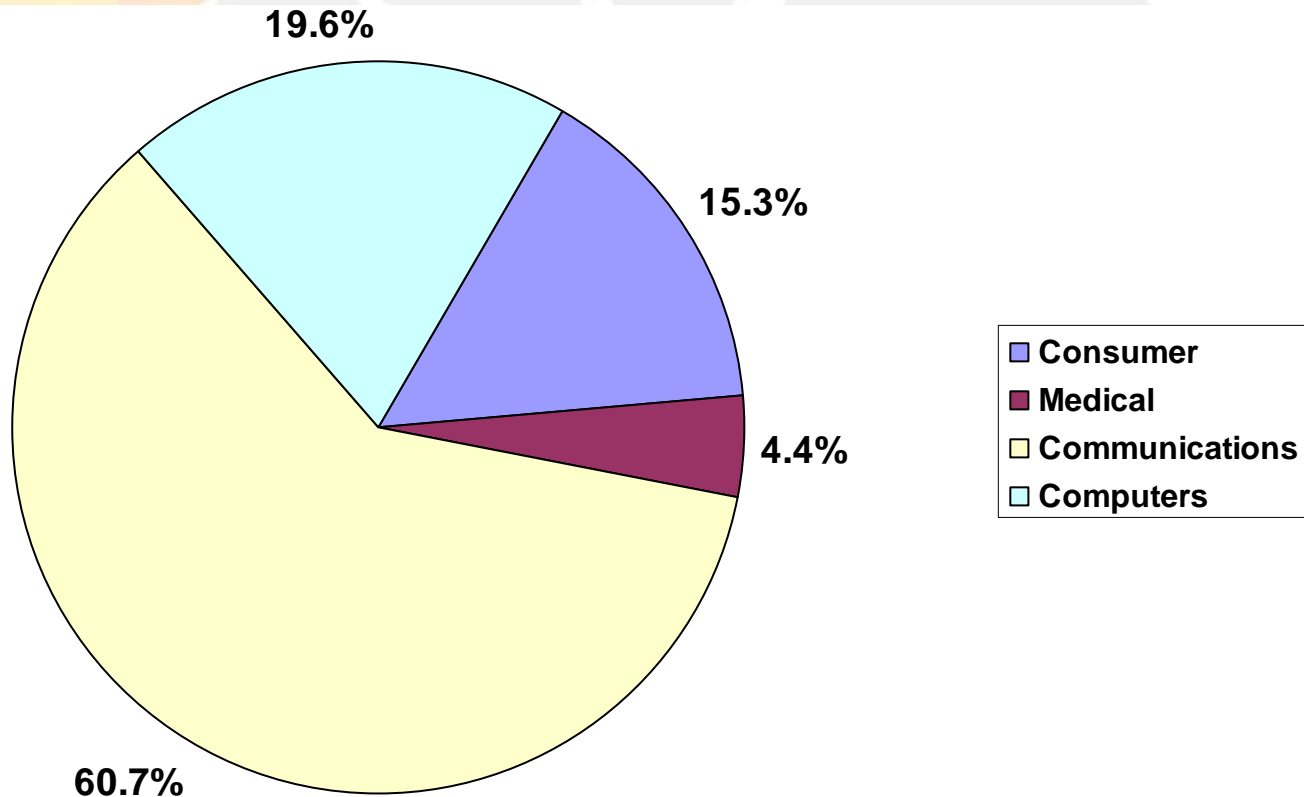


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Source: CEA Research

The EPS Market



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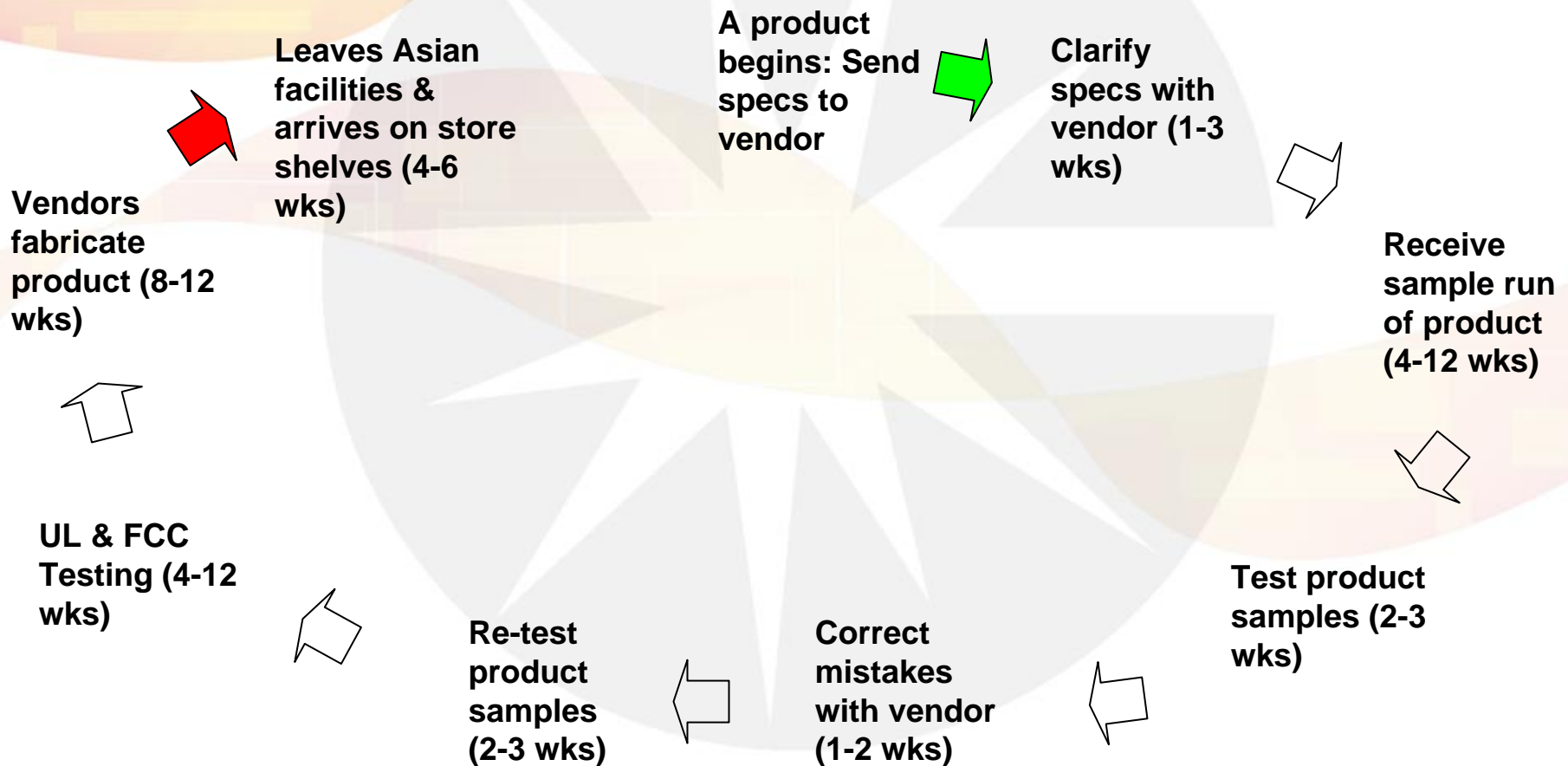
Source: Darnell Group

Short-term Externalities

- Expenses beyond just EPS
 - EPS labeling, new product packaging, etc
- Forces extensive engineering resources to be dedicated to expensive retrofit design
- Substitute towards higher voltage EPS due to current supply constraints at lower voltages
- Higher costs drive products (and some entire product categories) out of the market
- Less choice increases market power (de facto monopoly rights) and higher prices

Retrofitting

Time to Market: 22-53 wks



Deflation

Category	Average Year-on-Year Deflation	Average Month-on-Month Deflation
video equipment	14.4%	1.3%
audio equipment	4.4%	0.4%
personal computers and peripheral equipment	22.3%	2.2%

Source: US Bureau of Labor Statistics

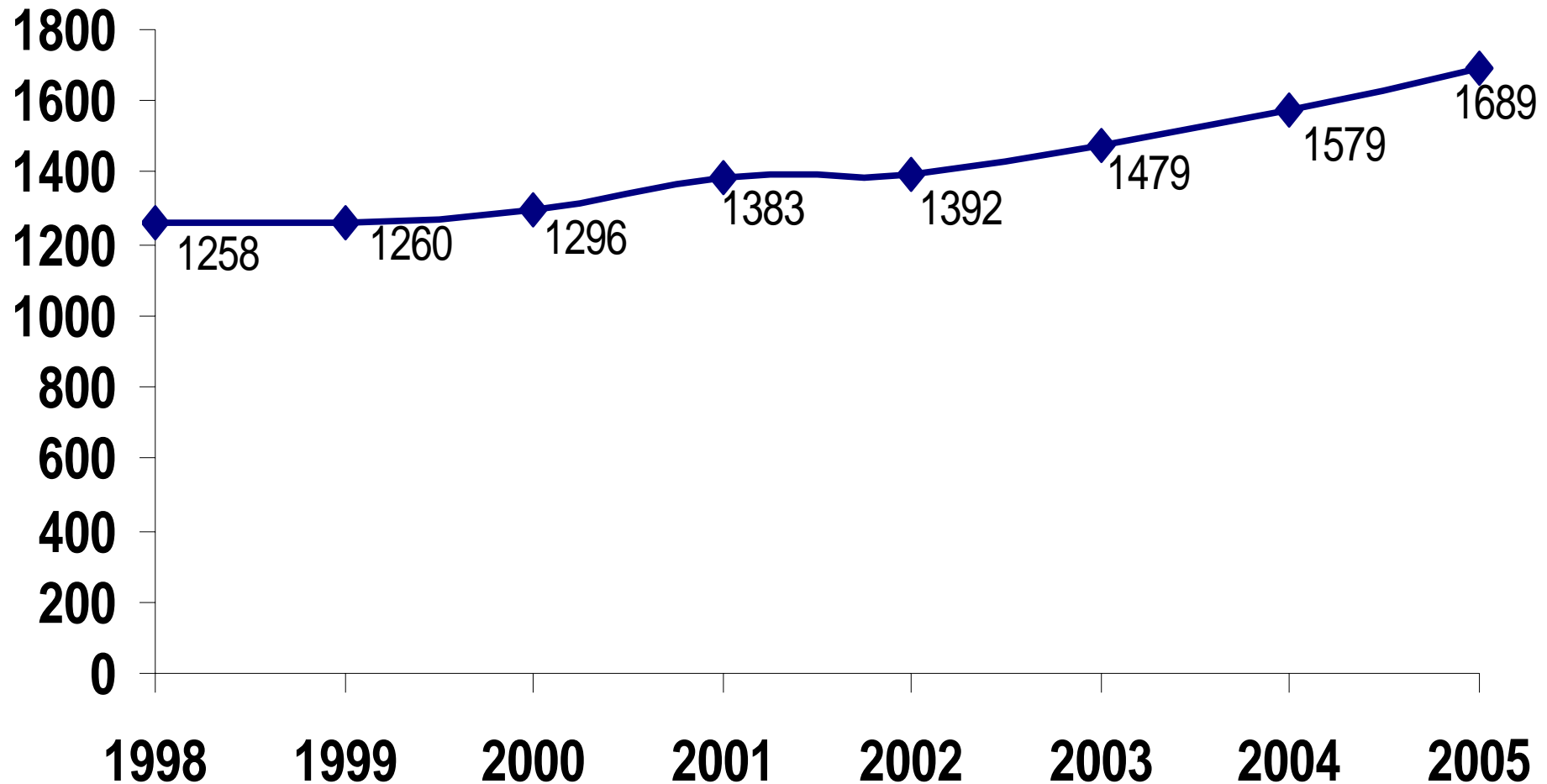


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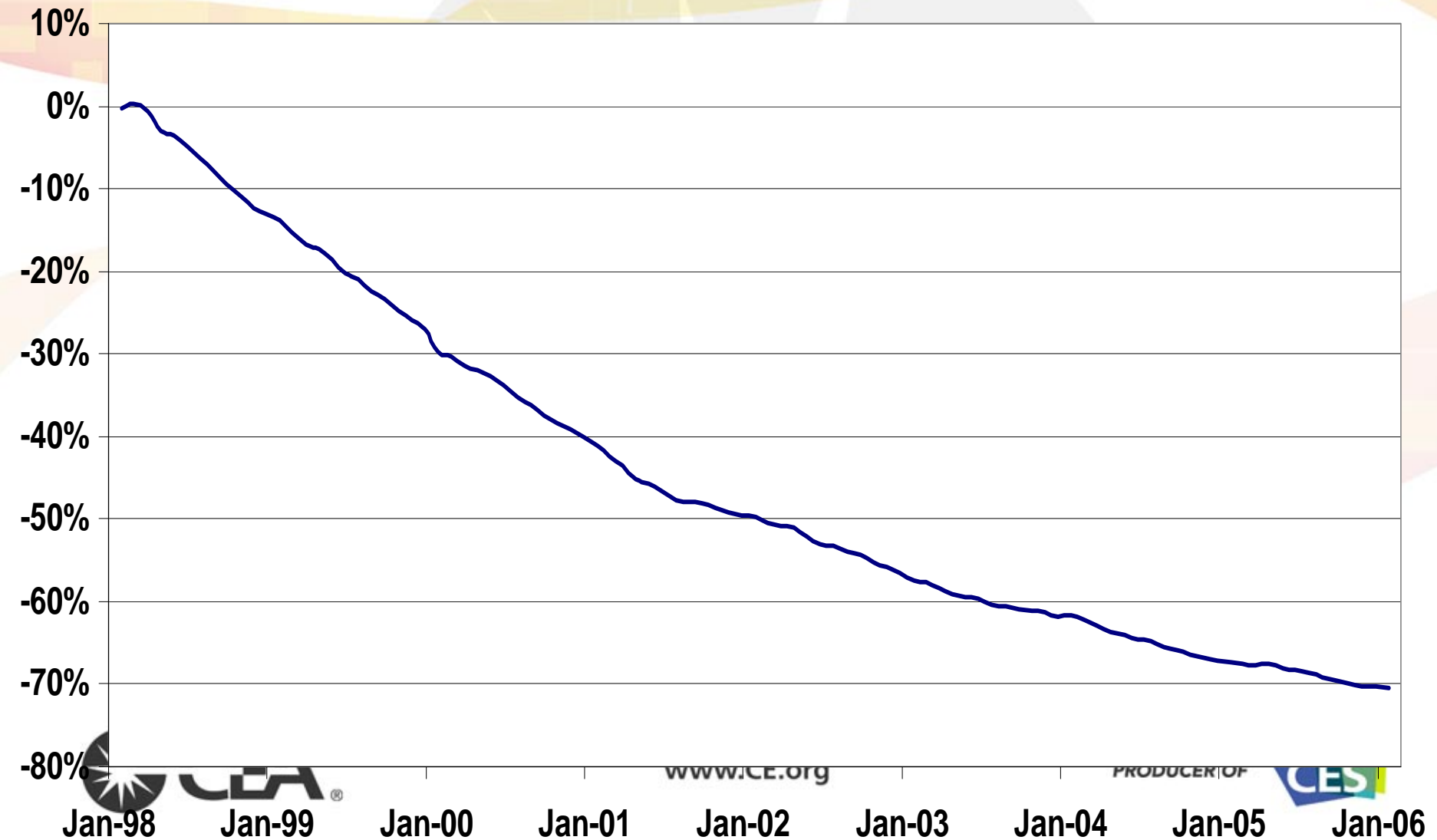
Market Concentration

Hirschman-Herfindahl Index (HHI) for top 10 CE Retailers



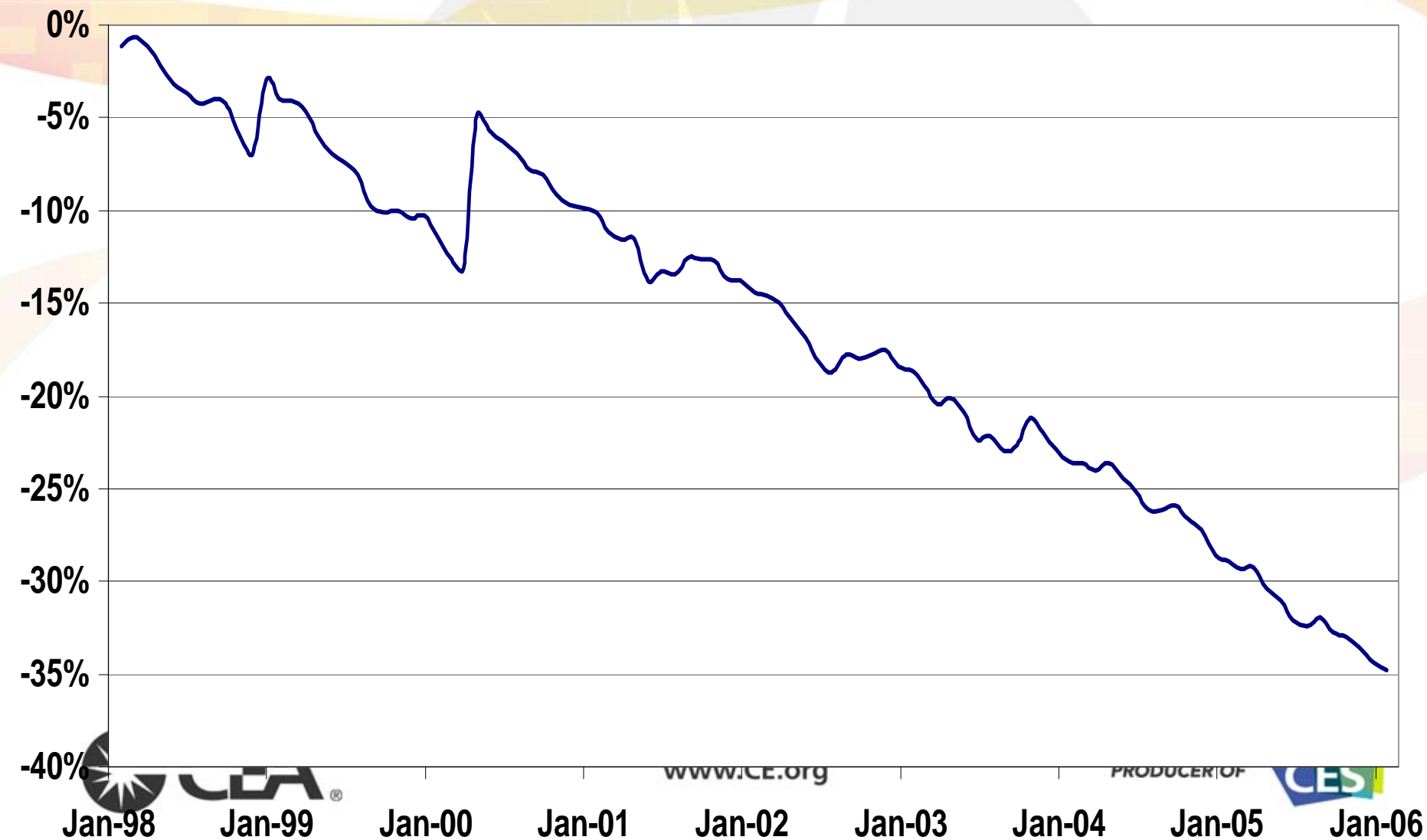
Consumer Price Index (Video Equipment)

base January 1998



Consumer Price Index (Audio Equipment)

base January 1998



Consumer Price Index (Computers & Peripherals)

base January 1998

